



Center for Medicaid and State Operations  
Disabled and Elderly Health Programs Group (DEHPG)

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Date: September 8, 2006

From: Director  
Disabled and Elderly Health Programs Group

Subject: Annual Change in Medicaid Hospice Payment Rates—ACTION

To: All Associate Regional Administrators  
Division of Medicaid and State Operations

This memorandum contains the Medicaid hospice payment rates for Federal fiscal year 2007. **Please inform your staff and all State agencies in your jurisdiction of these new payment rates, which are effective October 1, 2006.**

The Medicaid hospice payment rates are calculated based on the annual hospice rates established under Medicare. These rates are authorized by section 1814(i)(1)(C)(ii) of the Social Security Act which also provides for an annual increase in payment rates for hospice care services. Rates for hospice physician services are not increased under this provision.

The Medicaid hospice payment rates for care and services provided from October 1, 2006 through September 30, 2007 are increased as follows:

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	UNWEIGHTED AMOUNT
Routine Home Care	\$130.96	\$89.98	\$40.98
Continuous Home Care	\$763.66 full rate=24hrs. of care/\$31.82 hourly rate	\$524.71	\$238.95
Inpatient Respite Care	\$142.42	\$77.09	\$65.33
General Inpatient Care	\$581.82	\$372.42	\$209.40

In addition, section 1814(i)(2)(B) of the Act provides for an annual increase in the hospice cap amounts. The hospice cap runs from November 1<sup>st</sup> of each year through October 31<sup>st</sup>. The hospice cap amount for both Medicare and Medicaid for the cap year ending October 31, 2006 is \$20,585.39

As a final note, please refer to the final rule for the hospice wage index which was published on September 1, 2006 in the Federal Register. You may find this index at [www.gpoaccess.gov/databases.html](http://www.gpoaccess.gov/databases.html). Index "Federal Register 1994 forward" and enter "Medicare hospice wage index". This new wage index, effective October 1, 2006 should be used by States to adjust the wage component of the daily hospice payment rates to reflect local geographical differences in the wage levels. The daily hospice rates specified above are base rates, which must be revised accordingly when the wage component is adjusted.

If you have any questions concerning this memorandum, please call Melissa Harris at (410) 786-3397. This memorandum may be found on CMS' website at <http://www.cms.hhs.gov/center/hospice.asp>. Double click on the "Spotlights" link.

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cc: Laurence Wilson, CCPG  
Terri Deutsch, DCCP